

LAFCO of Napa County

Local Agency Formation Commission

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AGENDA ITEM NO. 8a

October 9, 2003

TO: Local Agency Formation Commission

FROM: Keene Simonds, Analyst

SUBJECT: *Comprehensive Water Service Study*: Service Review Determinations
City of American Canyon
City of Calistoga
Town of Yountville
Napa Sanitation District

At its August 14, 2003 meeting, staff presented the Commission with draft determinations for the Cities of American Canyon, Calistoga, Town of Yountville, and the Napa Sanitation District as part of the *Comprehensive Water Service Study*. The draft determinations were accompanied by updated study sections for each affected agency and were presented to the Commission for a first-reading. Following this meeting, draft determinations and updated study sections were circulated for comment to each affected agency in anticipation of presenting final determinations at the Commission's October 9, 2003 meeting. In all, staff has received written comments from the Cities of American Canyon and Calistoga (copies attached).

Revisions to the draft determinations are identified below, and draft resolutions for each affected agency are offered for the Commission's consideration and approval. These draft resolutions making determinations with respect to each agency's water service operations would fulfill LAFCO's mandate under California Government Code §56430.

City of Calistoga

Revision No. 1:

In the report received by the Commission in August, Determination No. 6 under the Infrastructure Needs or Deficiencies section reads:

Harry Martin, Chair
Councilmember, City of Napa

Mike Rippey Vice-Chair
Supervisor, 5th District

Guy Kay, Commissioner
Representative of the General Public

Ken Slavens, Commissioner
Mayor, City of St. Helena

Brad Wagenknecht, Commissioner
Supervisor, 1st District

Volker Eisele, Alt. Commissioner
Representative of the General Public

Lori Luporini, Alt. Commissioner
Vice-Mayor, City of American Canyon

Bill Dodd, Alt. Commissioner
Supervisor, 4th District

Daniel Schwarz
Executive Officer

The City of Calistoga requires improvements to its water treatment plant to independently meet maximum day water demands within its service area.

In order to highlight the City of Calistoga's decision to rely on imported potable water supplies with respect to meeting peak service demands, this determination has been revised to read:

The City of Calistoga requires improvements to its water treatment plant to independently meet maximum day water demands within its service area. In absence of expanding its treatment plant capacity, Calistoga will continue to rely on imported potable water deliveries to help meet maximum day water demands.

Revision No. 2:

In the report received by the Commission in August, Determination No. 3 under the Government Structure Options section reads:

The City of Calistoga is currently under a compliance order by the Department of Health Services to complete specified improvements to its water system as part of its domestic water supply permit. These improvements must be completed before DHS agrees to permit additional connections. Accordingly, it is not anticipated that Calistoga will pursue a change in its organization within the timeframe of this study.

The City of Calistoga has informed staff that the compliance order does not require that the improvements specified in the compliance order (commencement of dredging program for Kimball Reservoir and refurbishment of the Dwyer Street Pump Station) be completed before DHS agrees to permit additional connections. Accordingly, this determination has been revised and moved to the Infrastructure Needs or Deficiencies section (No. 10):

The City of Calistoga is currently under a compliance order by the Department of Health Services to complete specified improvements to its water system as part of its domestic water supply permit. These improvements include commencing a maintenance dredging program at Kimball Reservoir by 2004, and working with the City of Napa to refurbish the Dwyer Street Pump Station by 2005. Future studies should evaluate Calistoga's progress with respect to implementing these needed improvements.

Napa Sanitation District

Revision No. 1:

In the report received by the Commission in August, Determination No. 3 under the Government Structure section reads:

It is anticipated that the growing demand for reclaimed water for agricultural and landscaping purposes in southern Napa County will create a demand for a change in Napa Sanitation District's organization or the execution of outside user agreements.

Recognizing that the extension of reclaimed water services through outside user agreements is permitted pursuant to Government Code Section §56133(e), this determination has been revised to read:

It is anticipated that the growing demand for reclaimed water for agricultural and landscaping purposes in southern Napa County will create a demand for outside user agreements with Napa Sanitation District. The extension of reclaimed water service outside Napa Sanitation District's jurisdictional and sphere of influence boundaries does not require the approval of LAFCO pursuant to Government Code Section §56133(e).

Revision No. 2:

In the report received by the Commission in August, Determination No. 4 under the Government Structure section reads:

Extension of Napa Sanitation District's reclamation program should be limited to parcels lying within its jurisdictional and sphere of influence boundary. Extension of reclaimed water service by contract or agreement to parcels outside these adopted boundaries must be approved by the Commission and based on specific findings pursuant to Government Code §56133.

Recognizing that the extension of reclaimed water services through outside user agreements is permitted under Government Code Section §56133(e), this determination has been removed.

RECOMMENDATION

It is recommended for the Commission to take the following action:

- 1) Approve the forms for the attached resolutions making determinations with respect to the water service operations for the City of American Canyon, City of Calistoga, Town of Yountville, and Napa Sanitation District pursuant to Government Code §56430.

Respectfully submitted,

Keene Simonds
Analyst

Attachments

- 1) Draft Resolutions
- 2) E-mail from the City of American Canyon
- 3) Letter from the City of Calistoga

RESOLUTION NO. 03-29

**RESOLUTION OF
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
MAKING DETERMINATIONS**

**COMPREHENSIVE WATER SERVICE STUDY
SERVICE REVIEW
NAPA SANITATION DISTRICT**

WHEREAS, the Local Agency Formation Commission of Napa County (hereinafter referred to as “the Commission”) may conduct service reviews of local agencies pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq., hereinafter referred to as “Act”); and

WHEREAS, the Commission adopted a schedule for service reviews on October 11, 2001; and

WHEREAS, pursuant to Government Code Section 56430, the Executive Officer designated a countywide service review of public water service in Napa County, which includes territory served by the Napa Sanitation District; and

WHEREAS, pursuant to its adopted schedule, the Commission held a public workshop on the “Comprehensive Water Service Study”, including the service review of the Napa Sanitation District’s water services, on June 12, 2003; and

WHEREAS, the Executive Officer prepared a written report of this service review that was presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at its public workshop on June 12, 2003 and at meetings of the Commission on August 14, 2003, and October 9, 2003; and

WHEREAS, as part of this service review, the Commission is required pursuant to Government Code Section 56430(a) to make a statement of written determinations with regards to certain factors.

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

1. In accordance with the adopted Local Agency Formation Commission Environmental Impact Report Guidelines, and applicable provisions of the California Environmental Quality Act (CEQA), the Commission hereby determines that this service review is exempt from the provisions of CEQA under Section 15306 of the State CEQA Guidelines (Title 14 of the California Code of Regulations Section 15306). The service review is a data collection and research study. The information contained within the service review may be used to consider future actions that will be subject to environmental review.
2. The Commission adopts the statement of determinations set forth in "Exhibit A" which is attached and hereby incorporated by reference.

The foregoing resolution was duly and regularly adopted by the Local Agency Formation Commission of Napa County, State of California, at a regular meeting held on the 9th day of October 2003, by the following vote:

AYES: Commissioners WAGENKNECHT, SLAVENS, MARTIN, KAY,
AND RIPPEY

NOES: Commissioners NONE

ABSENT: Commissioners _____

ATTEST: EXECUTIVE OFFICER

Clerk of the Commission

By: _____

EXHIBIT A
COMPREHENSIVE WATER SERVICE STUDY
SERVICE REVIEW
NAPA SANITATION DISTRICT

STATEMENT OF DETERMINATIONS

1. With respect to infrastructure needs or deficiencies [Government Code §56430(a) (1)], the Commission determines that:
 - The Napa Sanitation District's reclamation program is well-designed and has adequate capacity to meet existing service demands. The wastewater treatment plant's reclamation facilities can be expanded to meet additional capacity requirements as new users are brought on-line.
 - The Napa Sanitation District's Soscol Wastewater Treatment Plant produces tertiary-level treated wastewater. This level of reclaimed water offers the greatest range of beneficial uses, including agricultural, landscaping, industrial, wetlands maintenance and enhancement, and greenbelt preservation.
 - The Napa Sanitation District's reclamation program is a beneficial and efficient use of existing water resources by lessening the demand for potable water within its service area.
2. With respect to growth and population projections for the affected area [Government Code §56430(a) (2)], the Commission determines that:
 - The extension of reclaimed water service within Napa Sanitation District's service area will not induce growth beyond what is already planned for in the land use plans of the City of Napa and County of Napa.
3. With respect to financing constraints and opportunities [Government Code §56430(a) (3)], the Commission determines that:
 - The Napa Sanitation District has an agreement with the City of Napa permitting it to solicit and provide reclaimed water service within a portion of Napa's water service area. As part of this agreement, the Napa Sanitation District is required to reimburse Napa for the loss of potable water sales revenue attributed to a customer's conversion to reclaimed water service. As Napa Sanitation District begins to extend reclaimed water service within this area, future studies should more fully examine the impact this arrangement has on the District's fiscal solvency.

4. With respect to cost avoidance opportunities [Government Code §56430(a) (4)], the Commission determines that:
 - The Napa Sanitation District is a funding participant in Napa County Flood Control and Water Conservation District's "2050 Study." The study's objective is to identify current and projected water demands within each participating agency's service area as well as document agricultural demands in unincorporated areas served by groundwater. This study will also examine the feasibility of pursuing cooperative water supply projects aimed at meeting countywide demands through 2050, including the use of reclaimed water as an alternative source for agricultural, industrial, and irrigation customers. Napa Sanitation District will benefit from the study and should continually explore collaborative opportunities aimed at expanding its reclamation program for mutually beneficial uses.
 - Through the expansion of its reclamation program, the Napa Sanitation District will reduce the demand and cost for dry season storage.
5. With respect to opportunities for rate restructuring [Government Code §56430(a) (5)], the Commission determines that:
 - The Napa Sanitation District is currently the only public agency providing tertiary-level reclaimed water service for a fee in Napa County. Accordingly, a rate comparison with other agencies in the County is not available.
 - The Napa Sanitation District's reclaimed water rates are adjusted according to the United States Department of Labor's Consumer Price Index. It is anticipated that rates will continue to incur marginal changes to match market conditions within the timeframe of this study.
6. With respect to opportunities for shared facilities [Government Code §56430(a) (6)], the Commission determines that:
 - The Napa Sanitation District may have an opportunity to share costs and facilities with the City of American Canyon relating to the provision of reclaimed water service. American Canyon is scheduled to begin providing reclaimed water service by the end of 2003 following the completion of its first reclaimed water transmission line. Due to the close proximity of their service boundaries, this relationship may provide an opportunity for each agency to pursue cost efficiencies with one another, including the development of mutually beneficial reclamation projects.

- The Napa Sanitation District and the City of Napa share resources relating to each agency's toilet retrofit program. Both agencies' programs are managed by a shared employee and offer incentives for constituents to replace their standard and low-flush toilets with ultra-flush toilets. This collaborative effort reduces the amount of wastewater needed to be collected and treated by Napa Sanitation District, while lessening the demand on Napa's potable water supply. This relationship facilitates cost efficiencies between both agencies and serves to encourage the efficient use of existing water resources within each agency's respective service area.
- The Napa Sanitation District is a member of the North Bay Watershed Association, a stewardship organization comprised of several public water and wastewater agencies in Sonoma and Marin counties. This organization's objective is to identify and promote opportunities for the preservation and enhancement of the San Pablo Bay watershed. In addition to facilitating regional studies, this organization may provide a mechanism for the Napa Sanitation District to share in the costs of mutually beneficial reclamation projects throughout the North Bay.

7. With respect to government structure options, including advantages and disadvantages of consolidation or reorganization of service providers [Government Code §56430(a) (7)], the Commission determines that:

- The Napa Sanitation District is the only public agency providing reclaimed water service within its jurisdictional boundary. The City of Napa is the only other public agency empowered to provide reclaimed water service whose jurisdiction overlaps that of Napa Sanitation District. Under the terms of a 1998 agreement, the Napa Sanitation District is permitted to solicit and provide reclaimed water service within a specified portion of Napa's water service area; Napa has elected not to exercise its right to provide reclaimed water service. A jurisdictional-wide arrangement for the provision of reclaimed water service would enhance planning between both agencies and facilitate greater opportunities for the extension of reclaimed water service for beneficial uses.
- There are several development projects planned for the Napa Valley Gateway Business Park and Napa County Airport area. It is anticipated that these developments, coupled with planned uses within the City of Napa's "reuse area," will create a significant increase in demand for reclaimed water service. Future studies should include an evaluation of these demands and their impact on Napa Sanitation District's reclamation capacity.

- It is anticipated that the growing demand for reclaimed water for agricultural and landscaping purposes in southern Napa County will create a demand for outside user agreements with Napa Sanitation District. The extension of reclaimed water service outside Napa Sanitation District's jurisdictional and sphere of influence boundaries does not require the approval of LAFCO pursuant to Government Code Section §56133(e).
- Due to the natural service relationships between the Napa Sanitation District and the City of Napa, opportunities for reorganization involving these agencies should be evaluated as part of a future study.

8. With respect to evaluation of management efficiencies [Government Code §56430(a)(8)], the Commission determines that:

- The Napa Sanitation District provides an annual summary of past and projected revenues and expenditures for its reclaimed water service operations as part of its annual budget. The budget is adopted following publicly noticed board meeting in which members of the public are allowed to comment and offer suggestions with respect to expenditures relating to reclaimed water service. In addition to enhancing the accountability of appointed representatives, the budget process provides a clear directive towards staff with respect to prioritizing district resources.
- The Napa Sanitation District is currently in the process of completing major improvements to its reclamation program. These improvements include the development of the Kennedy Pipeline, which will make available reclaimed water service to current potable water customers within the City of Napa's "reuse area." Other projects planned for within the timeframe of this study includes the construction of a 5.0 million gallon reclaimed water storage facility to serve Napa's reuse area and the development of a reclaimed transmission line serving the Enterprise Court subdivision. These planned projects demonstrate a continued effort on behalf of management to identify and extend service to potential reclaimed water customers in a timely and efficient manner.
- The Napa Sanitation District maintains an agreement with the Los Carneros Water District to provide the Carneros area with reclaimed water service for agricultural uses. The extension of reclaimed water service to the Los Carneros Water District area holds the promise of providing Napa Sanitation District with a beneficial use for its treated wastewater, while lessening the existing demand for groundwater and creek diversions in the Carneros region.
- The Napa Sanitation District should make a concerted effort to determine the feasibility of providing reclaimed water service to the Los Carneros Water District under the provision of its current contract agreement.

- The Napa Sanitation District's reclamation program is primarily financed through the collection of wastewater fees. Future studies involving Napa Sanitation District's wastewater operations should more fully examine its fiscal capacities.

9. With respect to local accountability and governance [Government Code §56430(a) (9)], the Commission determines that:

- The Napa Sanitation District's board meetings are conducted twice a month and are open to the public. Public inquiries involving its reclaimed water service operations can be addressed to the Board at this time. Regularly scheduled board meetings provide an opportunity for ratepayers to ask questions of their appointed representatives, while helping to ensure that service information is being effectively communicated to the public.
- The Napa Sanitation District makes reasonable efforts to maintain public dialogue with its ratepayers regarding its reclaimed water service operations. These efforts facilitate local accountability and contribute towards public involvement in local governance.
- The Napa Sanitation District should enhance its public outreach efforts by developing a website that includes information relating to its wastewater and reclamation operations. In addition to posting dates and agendas for board meetings, the website should contain educational information relating to reclaimed water service, including allowable uses and availability.
- As Napa Sanitation District's reclamation program expands, the District should appoint a designated employee or representative to administer and oversee its reclamation services.
- The Napa Sanitation District's administration and reclaimed water service operations are maintained and managed by a responsive and professional staff. These characteristics enhance accountability and cultivate desirable working relationships with members of the public as well as other agencies.